

SENATE BILL 300
By Rochelle

AN ACT to amend Tennessee Code Annotated, Section 56-2-104, relative to general requirements for doing business as an insurance company.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-2-104(a)(5), is amended by adding the following new sentence after the third sentence:

The provisions of this subdivision (a)(5) do not apply to or prohibit the location and maintenance of the books and records of either a branch office or agency office of a domestic insurer at the branch office or agency office outside this state, if that office is located within the United States.

SECTION 2. Tennessee Code Annotated, Section 56-2-104(a)(5), is further amended by deleting the word "or" at the end of subdivision (C); by deleting the period at the end of subdivision (D) and substituting instead a semicolon and the word "or"; and by adding the following language as a new subdivision to be designated as follows:

(E) Any domestic insurer that is an affiliated member of an insurance holding company system, as defined at Section 56-11-201(b)(6), and that locates and maintains all or any portion of its books and records and its principal place of business and primary

executive, administrative and home offices outside this state at a location within the United States, provided that the domestic insurer otherwise meets the requirements of this section and satisfies the following conditions:

(i) The domestic insurer must be an affiliate of an insurance holding company system, as defined in Section 56-11-201(b)(6), that has made the necessary filings as required by title 56, chapter 11 and that is in compliance with title 56, chapter 11.

(ii) The ultimate controlling person of the insurance holding company system, the immediate controlling person of the domestic insurer, or an intermediate controlling person of the domestic insurer must be legally domiciled, licensed, or authorized to transact business in a jurisdiction within the United States.

(iii) The books and records and offices of the domestic insurer are under the domestic insurer's direct supervision, management and control. Both the domestic insurer and the controlling person of the affiliated insurance holding company system must appoint the commissioner their true and lawful attorney to accept service of process and notify the domestic insurer and controlling person in the manner provided by Section 56-2-103.

(iv) The domestic insurer, or other affiliate of the insurance holding company system, shall establish and maintain a corporate office or place of business in this state, and, upon written request of the commissioner, the domestic insurer or other affiliate shall, with reasonable promptness, produce at such corporate office or place of business in this state for examination or for subpoena, the books and records or copies thereof (including electronically produced copies) relative to a particular transaction or transactions of the domestic insurer as designated in the commissioner's request.

(v) If at any time, after notice and hearing, the commissioner finds that the domestic insurer has willfully and knowingly violated any of the conditions stated in this subdivision (E), the commissioner may order the return of such books and records and offices to this state within such reasonable time, not less than six (6) months, or take such other enforcement action as may be specified in the order; and if the domestic insurer fails to comply with such order, as thereafter modified or extended, if any, the commissioner may suspend the certificate of authority of the domestic insurer until the domestic insurer has complied with such order.

SECTION 3. This act shall take effect July 1, 2001, the public welfare requiring it.